

EIGHTY-FIFTH

ANNUAL REPORT

DECEMBER 31, 1971



The Manufacturers Life Insurance Company

The Eighty-Fifth Annual Report

The Directors have pleasure in presenting their Eighty-fifth Annual Report, together with the Financial Statement, for the year ended December 31, 1971, and the Report thereon received from the Auditors.

LIFE INSURANCE

Once again, new records have been established. The amount of life insurance sold in 1971 was \$1,357,672,000, made up of \$1,047,691,000 in individual Life Policies, being an increase of 16% over 1970, and \$309,981,000 Group Life, being a decrease of 14% from 1970. The total increase was \$91,172,000 or 7% in excess of the insurance sold in 1970.

The Business in Force was increased by \$807,387,000 to a total of \$10,066,066,000.

ANNUITIES

Individual Annuity contracts in force at the end of the year will provide for annual payments to annuitants of \$60,394,000 of which \$8,421,000 represents contracts issued in 1971. Group Annuities in force provide for an additional \$87,036,000 to be paid annually to annuitants under group contracts, of which \$3,547,000 was added in 1971. New Business increased under individual contracts by 42% and under group contracts by 5% over 1970.

INCOME

Total Income during the year was \$395,572,000. Premium Income amounted to \$258,893,000, Net Investment Income to \$129,710,000 and all other income to \$6,969,000.

PAYMENTS UNDER POLICY CONTRACTS

Payments on existing matured and surrendered policies, etc. were \$112,509,000 including \$24,714,000 in dividends to participating policyholders and \$38,356,000 in annuity payments. Death Claims amounted to \$48,472,000. The rate of mortality was approximately the same as in 1970.

ASSETS

The Assets of the Company amount to \$2,184,474,000, an increase of \$148,251,000. The net rate of interest earned was 6.42% *6.46 in 1970*

RESERVES, LIABILITIES AND SURPLUS

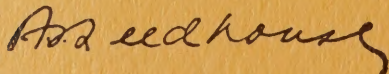
Insurance and Annuity Reserves amount to \$1,762,573,000 and the Provision for Dividends to Policyholders to \$29,710,000. After providing for these and all other liabilities the Contingency Reserve remains at \$27,500,000 and the Surplus amounts to \$139,838,000.

During the year Mr. G.N. Quigley, Jr., formerly Branch Manager for the Company in Los Angeles, was appointed to the Board of Directors. Mr. R.E. Dowsett, formerly Vice President and Secretary of the Company, who has been a member of the Board since 1959, retires from the Board, having reached the retirement age for Directors.

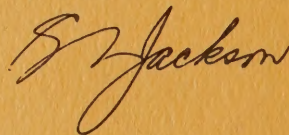
Effective January 1, 1972, Mr. A.T. Seedhouse, who had been President since 1964, was elected Chairman of the Board and Mr. E.S. Jackson, Executive Vice President, was elected President. The Board is pleased that Mr. G.L. Holmes, who retires as Chairman of the Board, will continue to be a Director.

That our Representatives with the help of the Branch Managers have been able to set new records for business sold, in spite of unsettled economic conditions and balance of payments problems, is a tribute to their hard work and salesmanship. The Head Office and Branch Office Staffs, in turn, have shown loyalty and efficiency in carrying out their responsibilities. To all of them, the Directors offer their sincere thanks.

All of which is respectfully submitted.



A.T. Seedhouse
Chairman of the Board



E.S. Jackson
President

Income Account for the year ended December 31, 1971

INCOME	1971	1970
Insurance and Annuity Premiums	\$258,893,000	\$225,927,000
Investment Income less Investment Expenses	129,710,000	121,474,000
Net Profit on Investment Transactions in excess of Adjustment in Asset Values	1,800,000	-
Other	5,169,000	3,094,000
	<u>\$395,572,000</u>	<u>\$350,495,000</u>

DISPOSITION OF INCOME

For Policyholders and Beneficiaries:

Death Benefits	\$ 48,472,000	\$ 44,667,000
Matured Policies, Surrender Values and Transfer	49,006,000	51,720,000
Annuity Payments	38,356,000	35,541,000
Disability Benefits	433,000	321,000
Dividends	24,714,000	22,700,000
Additions to Policy Funds to provide for future payments to Policyholders and Beneficiaries	124,878,000	94,410,000
Increase in Segregated Funds' Liabilities	13,462,000	6,315,000
Interest Credited to Amounts on Deposit	5,770,000	5,533,000
Payments under Settlement Annuities and Other Disbursements	4,967,000	4,013,000
	<u>\$310,058,000</u>	<u>\$265,220,000</u>
Commissions	20,896,000	18,462,000
Operating Expenses	43,536,000	35,778,000
Taxes	15,271,000	8,210,000
Interest Credited to Company Retirement Plans	2,205,000	1,755,000
Contributions to Company Retirement Plans related to past service	-	1,000,000
Adjustment in Asset Values and net results of Investment Transactions	-	9,568,000
Increase in Surplus	3,606,000	10,502,000
	<u>\$395,572,000</u>	<u>\$350,495,000</u>

NOTE: The 1970 comparative figures have been restated on a basis comparable with 1971 presentation.

ASSETS

	1971	1970
BONDS	\$ 858,669,000	\$ 748,104,000
STOCKS	222,250,000	224,401,000
Preferred	\$ 76,682,000	
Common	145,568,000	
MORTGAGES	613,960,000	625,489,000
REAL ESTATE HELD FOR INVESTMENT	240,073,000	205,859,000
OFFICE PREMISES	20,767,000	20,687,000
LOANS ON POLICIES	142,650,000	135,938,000
Loans made to policyholders on the security of their policies in accordance with the provisions of their policy contracts		
SEGREGATED FUNDS' INVESTMENTS	27,486,000	13,757,000
INVESTMENT INCOME ACCRUED	24,892,000	22,941,000
OUTSTANDING PREMIUMS	14,091,000	13,544,000
CASH	19,636,000	25,503,000

NOTE: Sterling currency items are translated into Canadian Dollars at \$2.60 and United States Dollar items are translated at \$1.00. If rates of exchange at December 31, 1971 had been used the surplus as shown would have been increased.

Bonds and stocks are carried in the accounts at cost or less and, as at December 31, 1971, the value permitted by Canadian insurance law is in excess of these carrying values.

\$2,184,474,000

\$2,036,223,000

A.T. SEEDHOUSE
Chairman of the Board

E.S. JACKSON
President

as at December 31, 1971

LIABILITIES

	1971	1970
INSURANCE AND ANNUITY RESERVES	\$1,762,573,000	\$1,642,509,000
The actuarial liabilities of the Company in respect to its insurance and annuity contracts		
POLICY BENEFITS IN COURSE OF PAYMENT AND PROVISION FOR UNREPORTED CLAIMS	18,205,000	17,251,000
AMOUNTS ON DEPOSIT	106,436,000	104,078,000
Policy proceeds, dividends and other amounts left on deposit with the Company by policyholders and beneficiaries and accrued interest thereon		
PROVISION FOR DIVIDENDS TO POLICYHOLDERS	29,710,000	25,608,000
Policyholders' dividends to be paid during 1972		
OTHER LIABILITIES TO POLICYHOLDERS	6,811,000	5,301,000
Miscellaneous credits to policyholders' accounts		
COMPANY RETIREMENT PLANS	51,651,000	48,056,000
The amounts held by the Company for pensions and disability benefits to employees and agents together with the accumulation of employee contributions		
MISCELLANEOUS LIABILITIES	14,665,000	16,065,000
Amounts received but not yet allocated, accrued taxes and expenses, mortgagors' tax prepayments, etc.		
SEGREGATED FUNDS' LIABILITIES	27,085,000	13,623,000
CONTINGENCY RESERVE	27,500,000	27,500,000
SURPLUS (Including surplus invested in Segregated Funds of \$401,000 - 1971: \$134,000 - 1970)	139,838,000	136,232,000
	<u>\$2,184,474,000</u>	<u>\$2,036,223,000</u>

Auditors' Report to the Directors and the Policyholders

We have examined the balance sheet of The Manufacturers Life Insurance Company as at December 31, 1971 and the income account for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances; insurance and annuity reserves and other actuarial liabilities were determined and certified by the Company's Actuary.

In our opinion, based on our examination and the certificate of the Company's Actuary, these financial statements present fairly the financial position of the Company as at December 31, 1971 and the results of its operations for the year then ended in accordance with accounting practices prescribed or permitted by the Department of Insurance of Canada.

Clarkson, Gordon & Co.

Toronto, Canada,
January 17, 1972

Chartered Accountants

Actuary's Certificate to the Directors and the Policyholders

The insurance and annuity reserves and other actuarial liabilities have been computed in accordance with the provisions of the Canadian and British Insurance Companies Act and, in my opinion, make good and sufficient provision for all obligations of the Company guaranteed under the terms of its contracts.

N.E. Henricks

Toronto, Canada,
January 12, 1972

N.E. Henricks, F.S.A., F.C.I.A.
Actuary

Insurance Account

for the year ended December 31, 1971

Business in Force as at December 31, 1970 (Note).....	\$ 9,258,679,000
New Business Issued	\$1,357,672,000
Business Reinstated	125,951,000
Business Increased (Net)	153,030,000
Total Increase	<u>\$1,636,653,000</u>
Business terminated by death, maturity of endowment or term	\$ 69,861,000
Business Lapsed	576,190,000
Business Surrendered including Zambian business transferred	183,215,000
Total Decrease	<u>\$ 829,266,000</u>
Net Increase	807,387,000
Business in Force as at December 31, 1971.....	<u><u>\$10,066,066,000</u></u>

NOTE: The business in force at December 31, 1970 has been increased by \$5,646,000 to include insurance in force under Segregated Funds' policies.

Board of Directors

A. T. SEEDHOUSE
Chairman of the Board

E. S. JACKSON
President

G. B. BEATTY

C. F. H. CARSON, Q.C., LL.D.
Tilley, Carson & Findlay

R. E. CROSS
Cross, Wrock, Miller & Vieson
Detroit

J. S. DEWAR
President,
Union Carbide Canada Limited

R. E. DOWSETT, A.I.A., F.S.A., F.C.I.A.

L. Y. FORTIER
Ogilvy, Cope Porteous, Hansard, Marler,
Montgomery & Renault
Montreal

G. L. HOLMES, A.I.A., F.S.A., F.C.I.A.

J. W. KERR
Chairman and Chief Executive Officer
TransCanada PipeLines Limited

SENATOR E. C. MANNING, P.C., LL.D.
President,
M & M Systems Research Limited
Edmonton

K. G. McNAB

A. D. NESBITT, O.B.E., D.F.C.
Chairman of the Board
Nesbitt, Thomson and Company Limited
Montreal

G. N. QUIGLEY, JR., C.L.U.
Los Angeles

G. WILLIAMS
President and General Manager
The Procter & Gamble Company of Canada
Limited